

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 CIAE-00 DODE-00 NSAE-00
NSCE-00 SSO-00 USIE-00 INRE-00 ERDA-05 AID-05
CEA-01 COME-00 EB-08 FPC-01 H-01 INR-07 INT-05
L-03 NSC-05 OMB-01 PM-05 OES-07 SP-02 SS-15
STR-04 TRSE-00 ACDA-07 PA-01 PRS-01 /098 W
-----101508 050450Z /13

O 050420Z AUG 77
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC IMMEDIATE 4350
INFO AMCONSUL MONTREAL
ALL OTHER AMCONSULS CANADA (POUCH)

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PASS WHITE HOUSE FOR VICE PRESIDENT, SCHLESINGER AND
GOLDMAN; FEA FOR O'LEARY AND FPC

E.O. 11652: N/A
TAGS: ENRG, PGOV, CA
SUBJECT: PIPELINE DEBATE: OPPOSITION PARTIES BACK ALCAN
ROUTE WITH CONDITIONS

REFS: A) OTTAWA 6919 B) OTTAWA 7055

1. SUMMARY. IN FIVE HOURS OF LACKLUSTER DEBATE ON NORTH-
ERN GAS PIPELINE AUGUST 4, GOVERNMENT LEFT IMPRESSON IT
WANTED TO ATTEMPT TO NEGOTIATE A JOINT VENTURE WITH U.S.
BUT AVOIDED TAKING A POSITION ON ANY ISSUES. ITS TASK WAS
EASED BY BOTH OPPOSITION PARTIES' ACCEPTANCE OF PIPELINE
IN PRINCIPLE, CONDITIONED ON NEGOTIATION OF OVERALL TERMS
FAVORABLE TO CANADA. OPPOSITION ALSO SUPPORTED RECENT
LYSYK REPORT ON SOCIO-ECONOMIC CONDITIONS, WITHOUT EXPLOR-
ING DAWSON DIVERSION ISSUE (REF A), AND DID NOT CHALLENGE
LINE ON ENVIRONMENTAL GROUNDS. AT THIS POINT IN DEBATE
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HOUSE SEEMS TO ACCEPT THAT AT LEAST EXPLORATORY TALKS WITH
U.S. SHOULD BE UNDERTAKEN BUT THAT GOVERNMENT WOULD THEN
NEED TO PRESENT A BALANCE OF BENEFITS FAVORABLE TO CANADA
TO WIN APPROVAL FOR LEGISLATIVE AUTHORIZATION OF ACTUAL
CONSTRUCTION. DEBATE CONTINUES AUGUST 5. END SUMMARY.

2. PARLIAMENTARY PIPELINE DEBATE AFTERNOON AND EVENING

AUGUST 4 WAS DOMINATED BY LEAD-OFF SPEECHES OF PROGRESSIVE CONSERVATIVE (PC) AND NEW DEMOCRATIC PARTY (NDP) LEADERS. GOVERNMENT HOUSE LEADER MACEACHEN CONFINED OPENING COMMENT TO HISTORY OF PIPELINE ISSUE AND REMINDER THAT DECISION GOC WILL SOON MAKE, IF FAVORABLE TO OVERLAND PROJECT, WILL BE ONLY FIRST STEP IN NEGOTIATING PROCESS WHICH MIGHT LEAD TO COOPERATIVE VENTURE WITH U.S.

3. NOTABLE FEATURES OF DEBATE WERE:

- A. BOTH PC AND NDP ENDORSED ALCAN, WITH CONDITIONS;
- B. NEITHER GOVERNMENT NOR OPPOSITION SPEAKERS RAISED DAWSON DIVERSION ISSUE;
- C. OPPOSITION DID NOT CALL FOR DELAY OF PRESIDENT'S DECISION BEYOND SEPTEMBER 1.

4. PC AND NDP AGREE FOLLOWING CONDITIONS SHOULD ATTACH TO CONSTRUCTION OF PIPELINE ACROSS CANADA:

- A. GOC SHOULD INSIST TN EXTRACTING MAXIMUM ECONOMIC BENEFIT FROM PROJECT THROUGH "CANADA FIRST" PROCUREMENT AND HIRING POLICIES, WITH SPECIAL EMPHASIS ON HIRING NORTHERNERS;

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B. PIPELINE AUTHORITY SHOULD BE CREATED TO COORDINATE AND OVERSEE ECONOMIC, SOCIAL, ENVIRONMENTAL AND TECHNICAL ASPECTS OF PROJECT (NDP WANTED MAXIMUM REPRESENTATION FOR ENVIRONMENTALISTS, NATIVES, AND OTHER NORTHERN RESIDENTS);

C. DOLS 200 MILLION PAYMENT BY PIPELINE CONSORTIUM TO DEFRAY INDIRECT SOCIAL AND ECONOMIC COSTS DURING CONSTRUCTION;

D. DOLS 50 MILLION ADVANCE PAYMENT BY GOC TO YUKON INDIANS PENDING SETTLEMENT OF LAND CLAIM;

E. TIME SWAP ON GAS EXPORTS TO U.S.: NDP WANTS ALL GAS EXPORTS TO U.S. AFTER 1985 REPAYED ON BTU EQUIVALENT BASIS; PC WAS NOT AS SPECIFIC, MERELY CALLING FOR TIME SWAP;

F. GOC SHOULD PLAN SPUR LINE TO MACKENZIE DELTA AND ASSURE THAT ALCAN LINE WILL HAVE CAPACITY TO MOVE CANADIAN GAS SOUTH. PC WAS MORE SPECIFIC ON THIS ISSUE. NDP SIMPLY SAID ALCAN ROUTE WOULD BUY TIME TO STUDY FEASIBILITY OF BRINGING GAS DOWN.

5. OTHER CONDITIONS CALLED FOR BY PC WERE: NO GOC FINAN-

CIAL GUARANTEES FOR PROJECT AND INSISTENCE THAT GOVERNMENT
CONSULT WITH STANDING COMMITTEES OF HOUSE AT EACH STEP OF
DEVELOPING ANY AGREEMENT WITH U.S. ON JOINT PROJECT. NDP
SECONDED LYSYK'S CALL FOR DELAY OF CONSTRUCTION TO AUGUST
1, 1981.

CROSBIE MADE MOST SIGNIFICANT COMMENT ON ALCAN PROJECT AND
CONDITIONS TO BE ATTACHED TO ITS CONSTRUCTION. NOTING PRESS
REPORT THAT GOC MIGHT BE GETTING JITTERY OVER POSSIBILITY
THAT U.S. MIGHT CHOOSE EL PASO BECAUSE OF CONDITIONS
ATTACHED BY CANADA (REF B), CROSBIE SAID IN RATHER BELLIG-
ERENT TONE THAT CONDITIONS ARE FAIR PRICE FOR BUILDING LINE
ACROSS CANADA, AND IF U.S. CANNOT ACCEPT THEM, THEN IT

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CEA-01 COME-00 EB-08 FPC-01 H-01 INR-07 INT-05
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STR-04 TRSE-00 ACDA-07 PA-01 PRS-01 /098 W
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FM AMEMBASSY OTTAWA
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SHOULD BUILD EL PASO ALTERNATIVE.

7. ON WHOLE, DEBATE WAS RATHER LACKLUSTER AFFAIR WITH
MANY MEMBERS, PARTICULARLY LIBERALS, ABSENT. WE EXPECT
MORE OF THE SAME WHEN DEBATE RESUMES AFTERNOON OF AUGUST 5.
ENDERS

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PIPELINES, OPPOSITION PARTIES
Control Number: n/a
Copy: SINGLE
Sent Date: 05-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977OTTAWA07065
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770280-0895
Format: TEL
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770893/aaaadale.tel
Line Count: 163
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b4f36f61-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 OTTAWA 6919, 77 OTTAWA 7055
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1698534
Secure: OPEN
Status: NATIVE
Subject: PIPELINE DEBATE: OPPOSITION PARTIES BACK ALCAN ROUTE WITH CONDITIONS
TAGS: ENRG, PGOV, CA
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/b4f36f61-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009